

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC IMMEDIATE 1009

UNCLAS BOGOTA 9255

EO 11652: NA

TAGS: EFIN, CO

SUBJ: TEXT OF DRAFT BANK LAW

REF: BOGOTA 9214

FOLLOWING IS UNOFFICIAL TRANSLATION OF LAW ON
"FINANCIAL COLOMBIANIZATION" SUBMITTED BY GOC TO
CONGRESS ON SEPT 22.

1. ARTICLE: 1: AS OF THE EFFECTIVE DATE OF THIS LAW THERE
WILL BE NO NEW DIRECT FOREIGN INVESTMENT IN BANKS AND
OTHER CREDIT INSTITUTIONS, FINANCIAL INSTITUTIONS AND
INTERMEDIARIES AND INSURANCE COMPANIES.

EXCEPTIONS (A) FOREIGN DIRECT INVESTMENT IN MIXED
BANKS OR THOSE WHICH WILL BE CONSTITUTED OR CONVERTED
INTO MIXED BANKS ACCORDING TO AGREEMENTS WITH THE
GOVERNMENT ENTERED INTO PRIOR TO SEPTEMBER 24, 1975
PROVIDED THAT THIS INVESTMENT DOES NOT CHANGE THE
MIXED CHARACTER OR PERCENTAGE OF FOREIGN PARTICIPATION
IN THE SUBSCRIBED CAPITAL OF THE ENTERPRISE.

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EXCEPTION (B) DIRECT INVESTMENT FROM MEMBERS OF

THE CARTAGENA AGREEMENT IN MIXED BANKS CAN BE APPROVED PROVIDED THAT THE COUNTRY OF ORIGIN GIVES THE SAME TREATMENT TO COLOMBIA'S DIRECT INVESTMENT.

2. ARTICLE 2: FOREIGN DIRECT INVESTMENT IS DEFINED AS IN ARTICLE 1 OF DECISION 24 OF THE CARTAGENA AGREEMENT, WITH THE EXCEPTION OF INDUSTRIAL PLANTS MENTIONED IN THE AGREEMENT. MIXED COMPANIES IN COLOMBIA ARE DEFINED AS THOSE IN WHICH COLOMBIAN NATIONALS ARE IN POSSESSION OF AT LEAST 51 PERCENT OF THE CAPITAL PROVIDED THAT THIS PROPORTION IS REFLECTED IN THE ADMINISTRATIVE AS WELL AS FINANCIAL, TECHNICAL, AND COMMERCIAL MANAGEMENT OF THE COMPANY AS DETERMINED BY THE NATIONAL PLANNING DEPARTMENT.

3. ARTICLE 3: AS OF JULY 1, 1978 FOREIGN INVESTMENT IN BANKS AND OTHER CREDIT INSTITUTIONS, FINANCIAL INSTITUTIONS AND INTERMEDIARIES AND INSURANCE COMPANIES SHALL NOT EXCEED 49P/C OF SUBSCRIBED CAPITAL WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION A OF ARTICLE 1 REGARDING THE PERCENTAGE OF FOREIGN PARTICIPATION IN THE SUBSCRIBED CAPITAL.

4. ARTICLE 4: AS OF DECEMBER 31 OF 1976 THE BRANCHES OF FOREIGN BANKS OR OTHER INSTITUTIONS MENTIONED IN THIS LAW SHALL NOT CARRY ON ANY COMMERCIAL ACTIVITIES.
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